FINAL

Agency: **540   Employment Security Department**

Decision Package Code/Title: **AD   Readiness for Active Directory**

Budget Period: **2005-07**

Budget Level: **PL - Performance Level**
Recommendation Summary Text:

Appropriation authority is requested from available funds transferred to the State Unemployment Insurance Trust Fund under provisions of the "Reed Act" (Title IX of the federal Social Security Act - as amended by Section 209 of the Temporary Extended Unemployment Compensation Act (TEUCA) of 2002).

This proposal is for the appropriation of Reed Act funds for a one-time investment to replace and upgrade desktop personal computers (PC's) and laptops that do not meet minimum standards for Active Directory and to purchase the information technology infrastructure components needed to enable the department to participate in the state's DIS managed Enterprise Active Directory.

Without Active Directory-ready PC's/laptops and the infrastructure upgrades, the department will not be able to fully participate in the state's Enterprise Active Directory. Active Directory is required to meet the department's objective to utilize the single sign-on and self-service capabilities of the new Human Resource Management System (HRMS). In addition, without Active Directory the department will not be able to share technology resources with the other 28 participating Washington State agencies, which include Washington State Patrol, Office of Financial Management and the departments of Social and Health Services, Labor and Industries, General Administration, Personnel, Corrections, Veteran's Affairs and Information Services.

Proposed Solution:
1. Purchase 723 PC's and laptops to replace those that are not Active Directory-ready or that cannot be upgraded to readiness;

2. Purchase operating system upgrades for 203 PC's and laptops that are not Active Directory-ready but can be upgraded to readiness and;

3. Purchase required infrastructure components.

Fiscal Detail

Operating Expenditures	FY 2006	FY 2007	Total
119-2 Unemployment Compensation Admin-Federal	2,086,896		2,086,896
Total Cost	**2,086,896**		**2,086,896**

Revenue

Fund	Source	FY 2006	FY 2007	Total
119 Unemploy Comp Admin	0317 Dept of Labor	2,086,896		2,086,896
Total Revenue		**2,086,896**		**2,086,896**

Package Description:

As we move to the 05-07 biennium, our projections include increasing costs and declining revenues from our federal and state fund sources. The increased spending pressures on the federal government from domestic and foreign activities make it unlikely that there will be increased federal

State of Washington
Decision Package

FINAL

Agency: **540**   **Employment Security Department**

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funding available in the 05-07 biennium. Our Unemployment Insurance program continues to be under funded due to the federal Resource Justification Model (RJM) that is used to allocate Unemployment Insurance program funds to the states. Federal funding for other department programs is also projected to be at levels lower than the current biennium.

Due to this lack of federal funding, the department does not have funding available to achieve Active Directory readiness without serious impacts on service delivery to its customers. If this proposal is not approved, the department will be forced to make the painful trade-offs between a strategic technology imperative and service delivery capacity. Dollars that could be allocated for staff will be used to pay for the cost of becoming Active Directory-ready. Lack of future funding is compounded by chronic funding shortfalls in previous years. Without adequate funding we have not been able to adhere to the department's policy of replacing every PC when it becomes more than four years old and every laptop when it becomes more than three years old. This has resulted in a large number of obsolete computers that are not Active Directory-ready. As a consequence, 926 computers in the department do not meet the minimum standards for compliance with Active Directory.

We continue to be under great financial pressure in our major federally funded programs. We are not receiving sufficient resources to sustain existing operations and no resources are being provided for technology improvements when basic operations are at risk. A brief description of the budget status of the department's major federally funded programs is provided below.

Unemployment Insurance: Since the implementation of the Resource Justification Model (RJM), the federal funding for the Unemployment Insurance program has not been sufficient to cover the basic operating costs of this program. The Federal Fiscal Year 2005 preliminary target reduces the "nonpersonal services" (supplies, communications, facilities, equipment, etc) allocation by $8 million from the previous year's level. Under this budget, there will be no funds available for the cost of the state's migration to Active Directory. The only equipment that will be acquired will be to cover mission-critical items that fail.

Wagner Peyser: The President's PY05 Wagner Peyser (WP) budget proposal has been approved by the US House for a reduction of $91 million. If the budget proposal is approved at the request level by the Senate and the Joint session, the estimated net impact to the department's budget would be a reduction of $1.5 to $1.9 million.

Claimant Placement Program: The PY05 - 07 appropriation for the Claimant Placement Program (CPP) is expected to be at the same level as the current appropriation. At this level, there would not be sufficient funding to cover the one-time costs for Active Directory readiness without a reduction in staffing.

Congress and the Department of Labor point to the $8 billion Reed Act national distribution of March 2002 (our allocation was $167 million) as a source of funding that is controlled by the state, and could be used to mitigate our budgetary challenges. It is important to point out that the June 30, 2005 estimated balance of $139 million in Reed Act Trust Fund principle continues to generate interest at the current earnings rate of 5.6%. This Decision Package proposes a relatively modest request that will tap into only a portion of the interest earnings of the Reed Act principle balance that resides in the UI Trust Fund.

Historically, state agencies have used hundreds of common applications, software, services and resources. Until now, the time lost and the human and financial resources spent duplicating and reinventing applications was an expected norm. Recent, tough budgetary constraints have demanded a paradigm shift. Today, technology leadership in the state has turned its attention to an enterprise approach - shared access to applications, software, services and resources and the implementation of best practices.

Following a proof-of-concept initiated by the Customer Advisory Board (CAB), the Department of Information Services (DIS) deployed Enterprise Active Directory (EAD) architecture, which makes it possible for multiple agencies to provide simple, controlled access to shared applications such as the new Human Resources Management System (HRMS). EAD simplifies the deployment and distribution of applications statewide and allows information technology managers to easily manage computing and network resources as their organizations respond to new customer driven requirements. Other important benefits are the establishment of a single employee directory and single sign-on to resources across the state level enterprise network.

Twenty-nine agencies in Washington State have major Active Directory deployment projects underway. The department considers participation in Enterprise Active Directory as a mandatory strategic technology initiative for the purpose of maintaining the compatibility of our information technology infrastructure with DIS and other state agencies.

This decision package supports activities A001-Administrative Overhead Costs, A003 - Employment and Training Services to Targeted Populations, A004 - Job Seeker Services, A006 - Re-Employment of UI Claimants and A007 - Unemployment Insurance, Benefits, and Taxation.

FINAL

Agency: **540   Employment Security Department**

Decision Package Code/Title: **AD   Readiness for Active Directory**

The department's Active Directory deployment project is divided into two phases. Phase 1 was completed in June 2004. In this phase the department joined the DIS Enterprise Active Directory network, and moved critical infrastructure components into Active Directory. Phase 2 is subdivided into Phases, 2A and 2B. Phase 2A began in July 2004 and will be completed in June 2005. During this phase, infrastructure components will be installed to enable approximately 20 to 30% of the department's PC's to participate in Active Directory. In Phase 2B, which will run from July 2005 to June 2006, additional infrastructure will be deployed to allow the remainder of the department's PC's to be Active Directory enabled.

As noted earlier, the department does not have funding available to purchase either the infrastructure components necessary for Active Directory or the PC's and laptops to replace existing PC's and laptops that are not Active Directory-ready. Lack of funding is a key reason for subdividing Phase 2. We are deferring the start date of Phase 2B until July 2005, which is when, assuming that this proposal were to be approved, Reed Act funds could be used to make the required purchases.

Narrative Justification and Impact Statement

How contributes to strategic plan:
In general, this investment supports the following goals and objectives of the department's strategic business plan for the 2005-2007 biennium:

Unemployment Insurance Division (UI)
Goal #2, Provide high quality, demand driven services for the workforce; Objective 2.1 Provide timely benefits; Objective 2.2 Provide timely eligibility decisions; Objective 2.3 Provide quality eligibility decisions; Objective 2.4 Protect the integrity of the trust fund; and Objective 2.5 Prevent fraudulent overpayments.

Goal #4, Provide superior internal & external customer service; Objective 4.1 Provide exceptional service to claimants; Objective 4.2 Provide timely tax reporting; and Objective 4.3 Provide timely tax collection.

Information Technology & Services Division's (ITSD)
Goal #1, Provide High Quality, Demand-Driven Business Services; Objective 1.7 Conform to Enterprise Architecture principles and Objective 1.8 Align ITSD with the agency goals of the core and supporting ESD business.

Goal #2, Provide High Quality Demand-Driven Services for the Workforce; Objective 2.9 Increase the effectiveness of electronic service delivery.

Goal #4, Provide Superior Internal and External Customer Service; Objective 4.15 Provide high value customer service.

WorkSource Operations Division (WSOD)
Goal #1, Provide High Quality, Demand-Driven Business Services; 1.1 Objective: Meet the hiring needs of business customers.

Goal #2, Provide High Quality Demand-Driven Services for the Workforce; 2.1 Objective: Meet the employment needs of job seeking customers.

Goal #4, Provide Superior Internal and External Customer Service; 4.1 Objective: Improve job seeker and business customer satisfaction.

Employment and Training Division (E&T)
Goal #1, Provide high quality, demand-driven business services; Objective 1.2 Provide continuous customized incumbent worker training linked to specific employer needs; Objective 1.3 Improve the workforce system's capacity to serve the aerospace industry; Objective 1.4 Improve the workforce system's capacity to serve the healthcare industry.

Goal #2, Provide high quality, demand-driven services for the workforce; Objective 2.7 Improve the ability of high risk youth to compete in the labor force.

Goal #3, Prepare our Agency workforce for the challenges of the future; Objective 3.1 Improve the administrative and operational effectiveness and efficiency of the Workforce Investment Act.

FINAL

Agency: **540   Employment Security Department**

Decision Package Code/Title: **AD   Readiness for Active Directory**

Goal #4, Provide superior internal and external customer service; Objective 4.5 Increase the level and quality of WIA technical assistance to our workforce partners; Objective 4.6 Upgrade and enhance software applications used to support internal and partner staff, employers, and job seeker customers; Objective 4.7 Increase administrative effectiveness and efficiency in the development and support of WorkFirst employment services.

Additionally, this investment supports the Department of Information Service's 2005-07 Strategic Objective 2: Continue Digital Government Leadership through Innovation; Strategy 2.3: Expand and leverage the benefits of the DIS Enterprise Active Directory.

The following are improvements offered by this proposal:

1. Information technology infrastructure will meet Active Directory requirements;
2. Desktop personal computers and laptops will be Active Directory-ready and;
3. Active Directory will be fully deployed across the department.

GOAL: Attain Active Directory Readiness for the department.

INCREMENTAL CHANGES:
 Outcome measures: Percentage of PC's/laptops deployed in Activity directory - FY06 85%, FY07 100%

Performance Measure Detail

Activity: A001   Administrative Overhead Costs

Incremental Changes

No measures submitted for package

Activity: A003   Employment and Training Services to Targeted Populations

Incremental Changes

No measures submitted for package

Activity: A004   Job Seeker Services

Incremental Changes

No measures submitted for package

Activity: A006   Re-Employment of UI Claimants

Incremental Changes

No measures submitted for package

Activity: A007   Unemployment Insurance, Benefits, and Taxation

Incremental Changes

No measures submitted for package

Reason for change:

To enable the department to participate in the state's DIS managed Enterprise Active Directory and to utilize the single sign-on and self-service capabilities of the new Human Resource Management System (HRMS).

FINAL

Agency: **540   Employment Security Department**

Decision Package Code/Title: **AD   Readiness for Active Directory**

Impact on clients and services:

Customers will benefit from staff productivity improvements that will result from the functional benefits of Active Directory, which include single sign-on to resources, accessing permitted inter-agency resources, increased workstation and server reliability, and stronger security controls. Active Directory will also allow the department to govern security, access, and policy more effectively.

Impact on other state programs:

No impact on other state programs.

Relationship to capital budget:

No impact on the capital budget.

Required changes to existing RCW, WAC, contract, or plan:

In order to satisfy the federal requirements for an appropriation of Reed Act funds to the Employment Security Department, any appropriation of Reed Act funds in the appropriation bill should include proviso language such as:

"$ x" is appropriated to the Employment Security Department from the Unemployment Compensation Administration Account - Federal, from funds made available to the State by Section 903 (d) of the Social Security Act, for "y purpose".

Alternatives explored by agency:

There are no viable technology alternatives. Active Directory must be implemented at the department level to participate in the state level Enterprise Active Directory. Choosing a platform other than Microsoft's Active Directory would result in the department going out on its own thereby eliminating the technical benefits of Active Directory. The department would also not be able to take advantage of the shared pool of technical knowledge that exists amongst the various agencies. Finally, using a different platform would lead to potential incompatibility issues and the need for costly and high-risk work-arounds.

Budget impacts in future biennia:

Costs for PC's/laptop are one-time, with no impact on future biennia. Although there will be ongoing maintenance costs for some of the infrastructure components, they will be covered by the department's federal funding and will have no impact on future biennia.

Distinction between one-time and ongoing costs:

Any ongoing costs will be covered by the department's federal funding.

Effects of non-funding:

If this proposal is not approved, the department will be forced to make the painful trade-off between a strategic technology imperative and service delivery capacity. We estimate a reduction of 27.23 staff would occur over the biennium. The impact on our customers would be statewide. Impact assessments for each of the affected programs are described below.

Unemployment Insurance Program: It is assumed that the UI share of the cost of this initiative is approximately $627,200 (direct PC and laptop replacement, plus 55% of the cost of the infrastructure). At a salary and benefit cost per position of $49,500, absorbing the cost via a reduction of service delivery staff would require the reduction of 12.7 FTE. The impact from a loss of FTEs of this magnitude would depend on which of the UI functions is targeted for a reduction. Some considerations follow:

· Reducing intake staff at the TeleCenters would reduce the capacity of the TeleCenter system to answer calls from individuals seeking UI benefits, which would increase the amount of time clients would have to wait to receive service and could impact the timely payment of benefits.

FINAL

Agency: **540   Employment Security Department**

Decision Package Code/Title: **AD   Readiness for Active Directory**

· Reducing adjudication staff at the TeleCenters would reduce the capacity of the TeleCenter system to determine eligibility for benefits, which would impact the timely payment of benefits.

· Reducing Tax positions would reduce the capacity of the tax system to register employers, collect and audit UI taxes, and resolve issues with claimant wages reported by employers. This could affect the amount of revenue received by the UI Trust Fund and the timely payment of UI benefits.

Specific numeric impacts would not be quantifiable until it is determined which UI function(s) would suffer the reductions.

 Wagner Peyser and Claimant Placement Program: If this proposal were not funded and if we had to cover this cost with projected PY05-06 service delivery funds, 14.53 field staff would have to be eliminated. This would represent a 9.7% reduction in staff that delivers service directly to customers. This would negatively impact the Output Measure under Agency Activity A003, Employment and Training Services to Targeted Populations. The projected number of customers served and customers who enter employment would be reduced as follows:

CUSTOMER SERVICE DELIVERY IMPACTS @ 9.7% REDUCTION IN FTE'S:

Outcome Measure:
Entered Employment   PY05/06 Target -- 450,000; PY05/06 Projection w/FTE Reduction -- 406,350; Variance in Outcomes -- (43,650)

Outcome Measure:
Served: PY05/06 Target -- 818,182; PY05/06 Projection W/FTE Reduction -- 738,818; Variance in Outcomes -- (79,364)

Expenditure Calculations and Assumptions:

PERSONAL COMPUTER REPLACEMENT COSTS

Personal Computer (*)
538 -- Staff desktop computers to replace obsolete PC's that are not Active Directory-ready @$1,661 each = $893,618

Lobby Computer (**)
8 -- Desktop computers to replace obsolete PC's that are not Active Directory-ready in District Tax Offices @ 1,062 each=$8,496

Laptop (***)
177 -- Staff laptop computers to replace obsolete laptops that are not Active Directory-ready @ $2,541 each=$449,757

Microsoft Windows (XP) Upgrade (****)
203 -- Operating system upgrades to replace operating systems that are not Active Directory compliant @ $147 each=$29,841

 TOTAL PC REPLACEMENT COSTS:
  - Amount   -- $1,381,712
  - Tax @ 8.4% --   116,064

  - SUBTOTAL -- $1, 497,776

(*) Personal Computer costs include 17" flat panel monitor, cables, surge protector, operating system and Microsoft Office 2003 standard edition.

(**) Lobby Computer costs include cables, surge protector, operating system and Microsoft Office 2003 standard edition.

(***) Laptop costs include cables, surge protector, operating system and Microsoft Office 2003 standard edition.

(****) Any PC that meets the department's minimum hardware standards but does not have a compatible operating system can be made Active Directory ready by upgrading the operating system.

FINAL

Agency: **540   Employment Security Department**

Decision Package Code/Title: **AD   Readiness for Active Directory**

PC INSTALLATION AND DEPLOYMENT COSTS

Contract Active Directory Support Staff:
8 -- Support for Active Directory Deployment at the Desktop Level @ $2,000 per week = $112,000

Contract technical services (**):
723 PC's/laptops -- Support for PC/laptop installation, software installation and PC/laptop decommissioning and surplusing @ $200 per computer = $144,600

Contract Technical Services:
203 PC's/laptops -- Support for operating system upgrades @ $40 per computer=$8,120

SUBTL INSTALLATION & DEPLOYMENT: --$264,720

(*) Costs include taxes.
(**) Costs include one technician, one truck driver, transportation, freight and disposal charges.

INFRASTRUCTURE UPGRADE COSTS:

Facility upgrades for site security, power, and environment for production controllers =$50,000

Production Controllers:
30 -- Global catalog and domain controllers for authentication and browsing resources @ $6,000 each = $180,000

Microsoft Operation Management Licenses:
30 -- Required server licenses @ $360 each = $10,800

Test Bench Servers :
4 -- Servers for pre-production testing of group policy modules, application testing and change control = $30,000

Windows Server Licenses:
30 -- For the production controllers @ $80 each = $2,400

Monitor and Console Switch Kit for Production and Test:
1 -- For production and test cabinets = $6,000

Test Bench Workstations and Network Devices:
6 -- Work area equipment @ $3,334 each = $20,000

Microsoft 2003 User Client Access Licenses:
1,200 - Required for customers in resource and training rooms to authenticate to Active Directory @ $21 each = $25,200

SUBTOTAL INFRACTURE UPGRADE COSTS: $324,400
(*) Costs include taxes.

DECISION PACKAGE GRAND TOTAL: $2,086,896

Object Detail	**FY 2006**	**FY 2007**	**Total**

FINAL

Agency: **540 Employment Security Department**

Decision Package Code/Title: **AD Readiness for Active Directory**

E	Goods And Services	264,720	264,720
J	Capital Outlays	1,822,176	1,822,176
Total Objects		**2,086,896**	**2,086,896**